

BANC OHIO CORPORATION

51 NORTH HIGH STREET
COLUMBUS, OHIO

Annual report - 1953 -

January 28, 1954

TO THE SHAREHOLDERS:

Your corporation is drawing near the completion of a full quarter century of corporate life, which began September 29, 1929, and it is with pride that I submit the 25th annual report of BancOhio Corporation. The financial statements contained herein have been examined by our auditors, Price Waterhouse & Co.

The capital and surplus of BancOhio Corporation on December 31, 1953 totaled \$30,099,876.16, representing a book value of \$39.64 per share. The surplus account reflects the \$1,683,498.16 net increase within the year in the corporation's equitable ownership in the assets of affiliated banks, which represents their retained net earnings after dividend distributions.

The consolidated net income of the corporation and its affiliated banks for the year ended December 31, 1953, after all taxes, depreciation, reserve appropriations and accounting for losses taken in adjusting the bond accounts in various banks and after deductions for minority interests, amounted to \$2,645,061.50, or \$3.48 per share on the 759,378.049 shares outstanding at the year end. Dividends aggregating \$1.30 per share were paid to shareholders in the year.

The shares outstanding at the close of the year 1953 showed an increase of 105,762 shares over the number outstanding at the end of 1952. This increase was occasioned by the sale of 60,000 shares for cash in March, 1953 and the remainder by shares issued for the acquisition later in the year of The First National Bank of Newark, Ohio and The Worthington Savings Bank of Worthington, Ohio.

At the year end the combined resources of the 22 banks in the BancOhio Group were \$562,747,991, an increase of \$49,861,425 over the total resources of the 20 banks at the 1952 year end.

As of December 31, 1953 total loans in our group of banks had reached \$141,321,623, and their bond accounts, including stock in the Federal Reserve Bank, totaled \$289,205,533 and included \$231,650,936 in United States Treasury issues having an average maturity of two years and seven months. There also were in the combined accounts \$53,895,012 of state and municipal bonds having an average maturity of four years and two months, and \$3,005,736 in other bonds, mostly composed of Canadian Provincial and municipal issues, high grade railroad equipment bonds and some few Federal agency obligations. As a result of adjustments in the combined bond accounts, the amount at which the Treasury issues, excluding the short-term Treasury bills, are carried on the books is \$761,688 below their face value.

I have already commented on the sale for cash of 60,000 shares of our stock and the acquisition of the two new banks at Newark and Worthington. Beyond that it is important to report to the shareholders the opening on August 17 of a new branch office of the Ohio National Bank in the Linden area of Columbus, and the opening of a branch in Springfield of our First National Bank; so there are 37 banking offices now being operated in our group.

A new bank building is being erected in Mt. Vernon to house our Knox County Savings Bank; meanwhile, our banking in that city is being carried on in temporary quarters.

During the year our banks at Portsmouth and Chillicothe have experienced considerable growth as a result of atomic energy activity in that area, and our bank in Whitehall, which opened at the end of 1950, has exceeded \$5,000,000 in total resources.

Our Retirement Plan, covering the corporation and its affiliates, now ending its third year, was at the end of 1953 compensating 19 retired people. The cost to date has been \$22,744.56. The estimate of the cost of 1954 payments is \$10,900.

As the years pass and we continue to grow in strength and service, I am ever grateful for the splendid contributions in loyalty and constructive effort of the 1338 people who comprise the staffs of your corporation and your banks, and the directors, as well, who so faithfully serve on their respective boards.

It is with deep sorrow that we record the death near the close of the year of our executive vice president and director, Mr. Richard Stanton Wolfe. In all his too short 20 years with the corporation, his wise counsel has been of great value to the corporation. We who knew him best will miss him most.

As we plan for our continued growth in 1954, I call your attention to the section in the proxy notice pertaining to our request for an increase in our authorized shares. Your support of this forward looking requirement is earnestly solicited. Please send in your executed proxy as promptly as possible.

Respectfully submitted,

James R. Coppins

James R. Coppins, President

PRICE WATERHOUSE & CO.

Fifty West Broad Street
Columbus 15, Ohio
January 25, 1954

To the Board of Directors of
BancOhio Corporation

We have examined the 1953 financial statements of BancOhio Corporation (parent company only). Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances, but we did not examine the financial statements of the subsidiary banks. However, we reviewed the copies of the state and national bank examiners' 1953 reports presented to us; the reports indicated that all subsidiary banks were examined during 1953 by such examiners.

The investments in subsidiary banks are stated on the basis of the parent company's equity in the net assets of the banks as shown by their December 31, 1953 financial statements; the net increase in the investment account, resulting from such basis, is included in surplus. The financial statements of the banks were certified by responsible bank officials to be copies of the statements filed with either the Comptroller of the Currency or The Division of Banks of the State of Ohio.

Based on our examination described above, and with the explanation in the preceding paragraph as to the basis for stating the investments in the subsidiary banks, it is our opinion that the accompanying balance sheet and statements of income and surplus of the parent company—BancOhio Corporation—present fairly its position at December 31, 1953 and the results of its operations for 1953, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse & Co.

BANCOHIO CORPORATION

(Parent company only)

STATEMENT OF INCOME

YEAR ENDED DECEMBER 31, 1953

Income:

Dividends from subsidiary banks.....	\$ 1,029,751.00
Other income (interest \$74,369.14).....	77,244.14
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	\$ 1,106,995.14

Expenses:

Salaries, sundry taxes, office fixtures and equipment and other operating expenses.....	\$ 493,558.47
Less — Service charges to subsidiary banks.....	428,126.67
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	\$ 65,431.80
Federal income taxes 1953 — estimated.....	80,000.00
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	145,431.80
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Net income, carried to surplus.....	\$ 961,563.34
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STATEMENT OF SURPLUS

YEAR ENDED DECEMBER 31, 1953

Balance at December 31, 1952.....	\$12,422,190.42
Excess of proceeds of sale over par value of 60,000 additional shares of capital stock of BancOhio Corporation.....	300,000.00
Surplus arising from issuance of shares of BancOhio capital stock for shares of banks acquired:	
34,499 shares — par value \$689,980.00 — issued for the capital stock of The First National Bank of Newark having a net asset equity of \$1,175,311.45.....	\$ 485,331.45
11,250 shares — par value \$225,000.00 — issued for the capital stock of The Worthington Savings Bank having a net asset equity of \$244,851.60.....	19,851.60
13 shares sold for cash in connection with above acquisitions....	91.00
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	505,274.05
Net income in 1953 per above statement of income.....	\$ 961,563.34
Increase in 1953 in equity in net assets of subsidiary banks represented by equity in undistributed net income.....	1,683,498.16
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	2,645,061.50
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	\$15,872,525.97
Cash dividends paid — \$1.30 per share.....	\$ 959,710.80
Adjustment (net) arising from changes in minority interests in subsidiary banks during 1953.....	433.98
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	960,144.78
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Balance at December 31, 1953 (see note to balance sheet).....	\$14,912,381.19
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THE BANCOHIO BANKS

SUMMARY OF COMBINED TOTAL NET ASSETS AT DECEMBER 31, 1953

Assets:

Cash and due from banks (including \$4,797,782 due from affiliated bank).....	\$127,318,485
Securities at amortized cost (approximate market):	
U. S. Government bonds.....	231,650,936
State and municipal bonds.....	53,895,012
Other bonds and securities.....	3,005,736
Stock in Federal Reserve Bank.....	653,850
Loans (less \$1,539,956 reserves for bad debts).....	141,321,623
Banking premises and equipment.....	4,902,349
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	\$562,747,991

Liabilities:

Demand deposits (including \$3,593,490 deposits of BancOhio banks and BancOhio Corporation)	\$383,255,477
Time deposits.....	145,335,453
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	\$528,590,930
Interest, taxes, etc.....	2,350,481
Unearned income.....	2,710,184
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	\$533,651,595
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Combined total net assets.....	\$ 29,096,396

SUMMARY OF CHANGES IN COMBINED TOTAL NET ASSETS DURING 1953

Combined total net assets at December 31, 1952.....	\$ 24,133,329
Net assets of banks acquired, at dates of acquisition:	
The First National Bank of Newark, Ohio.....	\$1,175,344
The Worthington Savings Bank, Worthington, Ohio	319,852
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	1,495,196
Contributions by BancOhio Corporation to capital of banks.....	1,750,000
Net income for 1953:	
Net operating income.....	\$2,937,637
Less net amount of bond losses, reserve adjustments and other charges	165,516
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	2,772,121
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	\$ 30,150,646
Cash dividends paid (\$1,029,751 to BancOhio Corporation).....	1,054,250
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Combined total net assets at December 31, 1953.....	\$ 29,096,396

THE BANCOHIO BANKS

DEPOSITS, CAPITAL AND SURPLUS, UNDIVIDED PROFITS AND CONTINGENT RESERVES — COMBINED — AT DECEMBER 31, 1953

	<u>Total deposits</u>	<u>Capital and surplus</u>	<u>Undivided profits and contingent reserves</u>	<u>Net assets</u>
OHIO NATIONAL BANK OF	\$333,759,713	\$12,000,000	\$3,420,560	\$15,420,560
FIRST NATIONAL BANK OF	6,401,826	355,000	56,968	411,968
FIRST NATIONAL BANK OF	15,553,790	700,000	261,275	961,275
SECOND NATIONAL BANK OF	3,033,430	250,000	89,146	339,146
FIRST NATIONAL BANK OF	14,142,123	750,000	199,036	949,036
FIRST NATIONAL BANK OF	10,724,424	450,000	233,086	683,086
HOCKING VALLEY NATIONAL BANK OF	9,692,660	450,000	144,034	594,034
FARMERS & MERCHANTS BANK OF	6,259,330	300,000	140,327	440,327
FIRST NATIONAL BANK OF	6,213,134	275,000	167,724	442,724
FIRST NATIONAL BANK OF	5,770,002	225,000	116,690	341,690
KNOX COUNTY SAVINGS BANK	7,773,669	450,000	239,116	689,116
FIRST NATIONAL BANK OF	7,538,655	700,000	504,450	1,204,450
UNION LICKING BANK	10,604,694	500,000	197,768	697,768
PERRY COUNTY BANK	2,093,107	150,000	14,544	164,544
THE NATIONAL BANK OF	11,938,133	600,000	156,357	756,357
FIRST NATIONAL BANK OF	28,548,086	1,850,000	235,874	2,085,874
FIRST NATIONAL BANK OF	7,908,118	400,000	99,588	499,588
FIRST NATIONAL BANK OF	7,460,058	300,000	103,977	403,977
OHIO STATE BANK	4,796,452	153,500	69,149	222,649
FIRST NATIONAL BANK OF	5,583,338	240,000	176,112	416,112
WORTHINGTON SAVINGS BANK	5,969,209	300,000	29,553	329,553
CITIZENS NATIONAL BANK IN	16,826,979	850,000	192,562	1,042,562
COMBINED TOTALS	<u>\$528,590,930</u>	<u>\$22,248,500</u>	<u>\$6,847,896</u>	<u>\$29,096,396</u>
Less — Minority interests		<u>436,133</u>	<u>238,126</u>	<u>674,259</u>
BANCOHIO CORPORATION EQUITY		<u>\$21,812,367</u>	<u>\$6,609,770</u>	<u>\$28,422,137</u>

BANCOHIO CORPORATION
(Parent company only)
(An Ohio corporation — Incorporated in 1929)

BALANCE SHEET DECEMBER 31, 1953

ASSETS

Deposits in banks (\$222,276.49 in subsidiary bank).....	\$ 234,716.41
U. S. Government securities, at cost (approximate market)	1,117,593.10
Notes and accounts receivable (including \$230,429.66 from directors of subsidiary banks) — less \$85,000.00 valuation allowance.....	405,429.66
Investments in shares of subsidiary banks (acquired for BancOhio capital stock and cash) — stated on basis of equity in net assets of the banks at December 31, 1953.....	28,422,136.99
	<u>\$30,179,876.16</u>

LIABILITIES, CAPITAL AND SURPLUS

Federal income taxes — estimated.....	\$ 80,000.00
Capital stock — \$20 par value:	
Authorized — 850,000 shares	
Issued — 759,378.049 shares (less 2.94 shares in treasury at cost).....	15,187,494.97
Surplus (see note below), per statement attached.....	14,912,381.19
	<u>\$30,179,876.16</u>

Note:

For the purpose of administering Section 5144, United States Revised Statutes, the Federal Reserve Board has accepted December 31, 1934 as a starting point for the determination of BancOhio Corporation earned surplus, as though there had been a quasi reorganization at that date. On that basis the total surplus account at December 31, 1953 would be segregated as follows:

Capital surplus (net).....	\$ 1,874,054.80
Surplus from increase in equity in net assets of the subsidiary banks — since December 31, 1934.....	11,357,885.26
Earned surplus — since December 31, 1934.....	1,680,441.13
	<u>\$14,912,381.19</u>